



General Assembly

February Session, 2008

Raised Bill No. 372

LCO No. 2044

02044____ENV

Referred to Committee on Environment

Introduced by:
(ENV)

AN ACT CONCERNING BIODIESEL.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-324 of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 For the purposes of this section and sections 32-324a to 32-324f,
5 inclusive, of the 2008 supplement to the general statutes:

6 (1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long
7 chain fatty acids derived from vegetable oils or animal fats, designated
8 B100, and meeting the requirements of designation D6751 of the
9 American Society for Testing and Materials.

10 (2) "Qualified biodiesel producer" means a facility that produces
11 biodiesel, is registered with the state of Connecticut, is domiciled in
12 Connecticut and is actively [engaged in the production of] committed
13 to producing biodiesel in Connecticut for commercial purposes.

14 (3) "Qualified biodiesel distributor" means a facility that stores and
15 distributes biodiesel, is registered with the state of Connecticut, is

16 domiciled in Connecticut and is actively [engaged in the storage and
17 distribution of] committed to storing and distributing biodiesel in
18 Connecticut for commercial purposes.

19 Sec. 2. Subsection (a) of section 16-245n of the 2008 supplement to
20 the general statutes is repealed and the following is substituted in lieu
21 thereof (*Effective from passage*):

22 (a) For purposes of this section, "renewable energy" means solar
23 photovoltaic energy, solar thermal, geothermal energy, wind, ocean
24 thermal energy, wave or tidal energy, fuel cells, landfill gas,
25 hydropower that meets the low-impact standards of the Low-Impact
26 Hydropower Institute, hydrogen production and hydrogen conversion
27 technologies, low emission advanced biomass conversion technologies,
28 alternative fuels, [used for electricity generation] including ethanol,
29 biodiesel or other fuel produced in Connecticut and derived from
30 agricultural produce, food waste or waste vegetable oil, provided the
31 Commissioner of Environmental Protection determines that such fuels
32 provide net reductions in greenhouse gas emissions and fossil fuel
33 consumption, usable electricity from combined heat and power
34 systems with waste heat recovery systems, thermal storage systems
35 and other energy resources and emerging technologies which have
36 significant potential for commercialization and which do not involve
37 the combustion of coal, petroleum or petroleum products, municipal
38 solid waste or nuclear fission.

39 Sec. 3. Subdivision (2) of subsection (b) of section 12-587 of the 2008
40 supplement to the general statutes is repealed and the following is
41 substituted in lieu thereof (*Effective July 1, 2008*):

42 (2) Gross earnings derived from the first sale of the following
43 petroleum products within this state shall be exempt from tax: (A) Any
44 petroleum products sold for exportation from this state for sale or use
45 outside this state; (B) the product designated by the American Society
46 for Testing and Materials as "Specification for Heating Oil D396-69",
47 commonly known as number 2 heating oil, to be used exclusively for

48 heating purposes or to be used in a commercial fishing vessel, which
49 vessel qualifies for an exemption pursuant to section 12-412 of the 2008
50 supplement to the general statutes; (C) kerosene, commonly known as
51 number 1 oil, to be used exclusively for heating purposes, provided
52 delivery is of both number 1 and number 2 oil, and via a truck with a
53 metered delivery ticket to a residential dwelling or to a centrally
54 metered system serving a group of residential dwellings; (D) the
55 product identified as propane gas, to be used exclusively for heating
56 purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and
57 marine gas oil to be used in any vessel having a displacement
58 exceeding four thousand dead weight tons; (F) for any first sale
59 occurring prior to July 1, 2008, propane gas to be used as a fuel for a
60 motor vehicle; (G) for any first sale occurring on or after July 1, 2002,
61 grade number 6 fuel oil, as defined in regulations adopted pursuant to
62 section 16a-22c, to be used exclusively by a company which, in
63 accordance with census data contained in the Standard Industrial
64 Classification Manual, United States Office of Management and
65 Budget, 1987 edition, is included in code classifications 2000 to 3999,
66 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
67 Classification System United States Manual, United States Office of
68 Management and Budget, 1997 edition; (H) for any first sale occurring
69 on or after July 1, 2002, number 2 heating oil to be used exclusively in a
70 vessel primarily engaged in interstate commerce, which vessel
71 qualifies for an exemption under section 12-412 of the 2008 supplement
72 to the general statutes; (I) for any first sale occurring on or after July 1,
73 2000, paraffin or microcrystalline waxes; (J) for any first sale occurring
74 prior to July 1, 2008, petroleum products to be used as a fuel for a fuel
75 cell, as defined in subdivision (113) of section 12-412 of the 2008
76 supplement to the general statutes; (K) a commercial heating oil blend
77 containing not less than [ten] five per cent of alternative fuels derived
78 from agricultural produce, food waste, waste vegetable oil or
79 municipal solid waste, including, but not limited to, biodiesel or low
80 sulfur dyed diesel fuel; [or] (L) for any first sale occurring on or after
81 July 1, 2007, diesel fuel other than diesel fuel to be used in an electric

82 generating facility to generate electricity; (M) for any first sale
 83 occurring on or after July 1, 2008, biofuels or biodiesel that meet the
 84 specifications of the American Society for Testing and Materials
 85 Designation D396, D975 or D6751 containing a blend of not less than
 86 five per cent renewable content; or (N) for any first sale occurring on or
 87 after July 1, 2010, additives of any derivation added to heating oil that
 88 is used exclusively for heating purposes to maintain the stability or
 89 operational performance of petroleum products.

90 Sec. 4. Subsection (a) of section 12-701 of the 2008 supplement to the
 91 general statutes is amended by adding subdivisions (37) to (39),
 92 inclusive, as follows (*Effective from passage and applicable to income years*
 93 *commencing on or after January 1, 2009*):

94 (NEW) (37) "Biodiesel blended heating fuel" means a fuel comprised
 95 of a minimum of two per cent biodiesel blended with conventional
 96 home heating oil, which meets the specifications of the American
 97 Society for Testing and Materials designation D396 or D975.

98 (NEW) (38) "Biodiesel" means a fuel comprised exclusively of mono-
 99 alkyl esters of long chain fatty acids derived from vegetable oils or
 100 animal fats, designated B100 (pure biodiesel), which meets the
 101 specifications of the American Society for Testing and Materials
 102 designation D6751.

103 (NEW) (39) "Residential purposes" means the use or maintenance of
 104 any structure or part of a structure in this state as a place of abode by
 105 or for a person, whether or not owned by such person, on other than a
 106 temporary or transient basis. "Residential purposes" includes the use
 107 or maintenance of multifamily dwelling units, such as multifamily
 108 homes, apartment buildings, condominiums and cooperative
 109 apartments as places of abode. "Residential purposes" does not include
 110 the use or maintenance of any part of a structure used as a hotel, motel
 111 or similar space, except for those units used by the same occupant for
 112 not less than ninety consecutive days.

113 Sec. 5. (NEW) (*Effective from passage and applicable to income years*
 114 *commencing on or after January 1, 2008*) (a) Any resident of this state, as
 115 defined in subdivision (1) of subsection (a) of section 12-701 of the 2008
 116 supplement to the general statutes, as amended by this act, subject to
 117 the tax under chapter 229 of the general statutes for any taxable year,
 118 shall be entitled to a credit in determining the amount of tax liability
 119 under said chapter equal to one cent per gallon for each per cent of
 120 biodiesel included in the biodiesel blended heating fuel purchased by
 121 the taxpayer on or after January 1, 2009, but before December 31, 2013.
 122 Said credit shall not exceed twenty cents per gallon. The biodiesel
 123 blended heating fuel shall be used for space heating or hot water
 124 production for residential purposes within the state. If a taxpayer
 125 makes more than one qualifying purchase of biodiesel blended heating
 126 fuel and the percentage of biodiesel included in the biodiesel blended
 127 heating fuel varies, said taxpayer shall calculate each purchase of
 128 biodiesel blended heating fuel separately. If two or more taxpayers
 129 share in the purchase of biodiesel blended heating fuel, the amount of
 130 the credit allowable to each taxpayer is to be prorated according to the
 131 percentage of the total biodiesel blended heating fuel purchased by
 132 each taxpayer.

133 (b) The credit allowed under this section shall not exceed five
 134 hundred dollars for each taxable year. In the case of two or more
 135 taxpayers sharing in the purchase of biodiesel blended heating fuel,
 136 the credit allowed, in the aggregate, shall not exceed five hundred
 137 dollars for each taxable year.

138 Sec. 6. (*Effective July 1, 2008*) The sum of six million dollars is
 139 appropriated to the Connecticut qualified biodiesel producer incentive
 140 account established under section 32-324a of the 2008 supplement to
 141 the general statutes, from the General Fund, for the fiscal year ending
 142 June 30, 2009, for the purposes specified in said section.

143 Sec. 7. (*Effective July 1, 2008*) The sum of two million dollars is
 144 appropriated to the Department of Economic and Community

145 Development, from the General Fund, for the fiscal year ending June
146 30, 2009, for the fuel diversification grant program established under
147 section 32-324g of the 2008 supplement to the general statutes.

148 Sec. 8. (*Effective July 1, 2008*) The sum of forty thousand dollars is
149 appropriated to the Department of Consumer Protection, from the
150 General Fund, for the fiscal year ending June 30, 2009, for said
151 department's motor fuel quality testing program established pursuant
152 to sections 14-327a to 14-327e, inclusive, of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-324
Sec. 2	<i>from passage</i>	16-245n(a)
Sec. 3	<i>July 1, 2008</i>	12-587(b)(2)
Sec. 4	<i>from passage and applicable to income years commencing on or after January 1, 2009</i>	12-701(a)
Sec. 5	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	New section
Sec. 6	<i>July 1, 2008</i>	New section
Sec. 7	<i>July 1, 2008</i>	New section
Sec. 8	<i>July 1, 2008</i>	New section

Statement of Purpose:

To amend the definitions of qualified biodiesel producers and distributors to no longer require said producers and distributors to be actively engaged in producing or distributing biodiesel in the state to qualify for a grant, to remove the requirement that alternative fuels be used for electricity generation to qualify for purposes of an investment from the Renewable Energy Investment Fund, to exempt the sale of biodiesel and certain additives from the gross receipts tax, to create a personal income tax credit for biodiesel used as home heating oil and to appropriate funds for the Connecticut qualified biodiesel producer incentive account, fuel diversification grant program and the motor fuel quality testing program.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]